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Research on Financial Dilemmas and Breakthroughs of Chinese Pharmaceutical Enterprises: Taking Dizhe Pharmaceuticals as an Example

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Abstract: In recent years, the pharmaceutical industry has witnessed frequent policy adjustments, intensifying market competition and continuous growth in R&D investment. Innovative pharmaceutical enterprises are generally under great financial pressure. As a typical innovative drug R&D enterprise, Dizhe Pharmaceuticals inevitably faces difficulties such as capital shortage, high R&D investment, and slow commercialization. Adopting the combined method of case analysis and financial indicator analysis, this paper systematically sorts out the financial breakthrough paths of Dizhe Pharmaceuticals. The research concludes that Dizhe Pharmaceuticals relieves financial pressure and resists financial risks through pipeline focus, accelerated commercialization, capital structure optimization, and external strategic collaboration, and effectively improves its long-term value creation capability. This case provides a reference for similar innovative pharmaceutical enterprises.

Keywords: Pharmaceutical enterprises; Financial dilemma and breakthrough; Innovative pharmaceutical enterprises

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1. Introduction

With the increasingly fierce global competition in pharmaceutical innovation, the R&D investment intensity of innovative pharmaceutical enterprises is far higher than that of traditional industries. The R&D expense ratio of innovative pharmaceutical enterprises is generally between 20% and 30%, while that of the manufacturing industry is less than 3% to 5%. R&D investment has become the most direct and important indicator for evaluating the core competitiveness of pharmaceutical enterprises. Multinational pharmaceutical enterprises and emerging biotechnology companies all take oncology and autoimmune diseases as key competitive fields, bringing various financial risks caused by highly concentrated capital investment in new drug research and development.

Chinese biotech enterprises are also faced with dilemmas such as high R&D input and continuous losses.

Most enterprises rely on external financing for operations. Although several enterprises have launched products and gained revenue, most of them have not turned losses into profits, and cash flow is generally tight. In 2024, many representative enterprises suffered losses ranging from hundreds of millions to billions of yuan, with negative operating cash flow.

Against such a backdrop, the financial breakthrough paths of Dizhe Pharmaceuticals possess high research value. Since its establishment, the company has adhered to the strategy of original innovation and global competition, focusing on tumors and immune diseases. Savolitinib has been approved for marketing in the United States, and Golicitinib has obtained domestic marketing approval. Both drugs have been included in the National Medical Insurance Catalogue. Therefore, this paper raises the following question: How can Dizhe Pharmaceuticals achieve financial sustainability under the condition of continuous high R&D investment and initial commercial losses? This paper adopts case analysis and financial indicator analysis for research, with data mainly sourced from the annual reports, announcements, and Wind Database of Dizhe Pharmaceuticals [1,2].

2. In-depth analysis of the financial status of Dizhe Pharmaceuticals

2.1. Revenue and profit performance

In the first half of 2025, Dizhe Pharmaceuticals achieved an operating revenue of 355 million yuan, a year-on-year increase of 74.4%, and realized profitability at the commercial level for the first time [3]. However, the net profit attributable to listed shareholders still recorded a loss of 377 million yuan. The feature of substantial revenue growth yet continued loss is typical for innovative pharmaceutical enterprises in the stage of high R&D investment. The financial data of the past three years are shown in **Table 1**.

Table 1. Financial data of the past three years

Period	Operating revenue (100 million yuan)	Net loss (100 million yuan)	Loss ratio (Net loss / Revenue)
Full year 2023	0.91	-6.51	715%
Full year 2024	4.28	-7.54	176%
First half of 2025	3.55	-3.77	106%

It can be seen from the table that the loss ratio has narrowed significantly with remarkable marginal improvement. If revenue maintains growth in the second half of the year, the annual loss ratio is expected to drop to around 80%, moving closer to the break-even point.

2.2. Cash flow analysis

Operating cash flow is a core indicator measuring self-sustaining capacity. The company's cash flow in recent years is as follows (**Table 2**).

Table 2. The company's cash flow in recent years

Period	Operating cash flow (100 million yuan)	Investment cash flow (100 million yuan)	Financing cash flow (100 million yuan)	Year-end monetary funds (100 million yuan)
Full year 2023	-5.21	-1.52	+8.36	About 7.20
Full year 2024	-6.83	-2.14	+3.21	About 6.50
First half of 2025	-2.95	-1.08	+1.85	About 9.64

Although the operating cash flow remains negative at present, the outflow scale is stable and does not expand proportionally with revenue growth, indicating that the company has achieved certain results in operational cost control [4]. Financing cash flow serves as the most reliable support for the company's normal operation. Private placement played a prominent role in 2023, while bank borrowings and government grants became the main sources in 2024 and the first half of 2025. By the end of June 2025, the book monetary funds reached about 964 million yuan, which can fully cover the R&D and operational expenditures for the next 12 to 18 months.

2.3. Liability analysis

The company's asset-liability ratio is slightly higher than the industry average but remains within a controllable range for unprofitable biotech enterprises. Both current ratio and quick ratio are within the safe range with limited short-term solvency pressure. Long-term solvency depends on the sales volume growth of core products [5]. See **Table 3**.

Table 3. Liability analysis

Indicator	End of 2023	End of 2024	End of June 2025	Biotech industry average
Asset-liability ratio	58.3%	62.7%	59.5%	About 55%
Current ratio	3.2	2.8	3.1	2.5-3.0
Quick ratio	3.0	2.6	2.9	2.3-2.8

2.4. Revenue contribution of core products

Savolitinib and Golicitinib are the two commercialized products of the company at present, with their revenue contribution shown below (**Table 4**):

Table 4. Revenue contribution of core products

Product	Full year 2024 sales (100 million yuan)	First half of 2025 sales (100 million yuan)	Year-on-year growth	Remarks
Domestic Savolitinib	3.87	2.98	+68%	Included in Medical Insurance in January 2024
US Savolitinib	—	0.32	—	Approved in July 2025, data for the first quarter after launch
Domestic Golicitinib	—	0.57	—	Approved and included in Medical Insurance in 2025
Total	3.87	3.87	—	Exceeded full-year sales of 2025 in the first half

After being included in the National Medical Insurance Catalogue, Savolitinib achieved significant sales volume growth [6]. Its sales volume in the first quarter of 2024 was about 67 million yuan, reaching 128 million yuan in the fourth quarter, with a month-on-month increase of 91%. Golicitinib achieved sales of 57 million yuan within the first half year after launch. If sales continue to grow in the second half, the annual revenue in 2025 is expected to exceed 700 million yuan.

2.5. Financial characteristics of R&D investment

All R&D expenditures of Dizhe Pharmaceuticals are expensed without capitalization. The R&D expenses in the

past three years are as follows (**Table 5**):

Table 5. Financial characteristics of R&D investment

Period	R&D expenses (100 million yuan)	Proportion in operating revenue	2024 peer R&D expense ratio
Full year 2023	6.34	697%	BeiGene: About 68%
Full year 2024	7.92	185%	Junshi Biosciences: About 127%
First half of 2025	4.21	119%	Rongchang Biotech: About 142%

Although the proportion of R&D expenses in operating revenue has decreased year by year, the absolute amount keeps growing, indicating the company continues to increase R&D investment. The R&D expense ratio of 119% ranks upper in the industry, which is reasonable considering its small revenue scale. In terms of R&D structure, about 65% is used for clinical trials (mainly Savolitinib and Golicitinib), 20% for preclinical research and early discovery, and 15% for registration and compliance affairs.

2.6. Profit forecast and risk identification

Based on current data, the forecast is as follows (**Table 6**):

Table 6. Profit forecast and risk identification

Item	2025 (estimated)	2026 (scenario forecast)
Annual operating revenue	7.0–7.5 billion yuan	12–15 billion yuan
Gross profit margin (about 85%)	5.95–6.38 billion yuan	10.2–12.75 billion yuan
R&D expenses	About 850 million yuan	About 900 million yuan
Sales and administrative expenses	About 320 million yuan	About 400 million yuan
Net loss	About 530–580 million yuan	About 20–280 million yuan (Expected to achieve break-even)

It is predicted that the company will achieve quarterly break-even from the second half of 2026 to the first half of 2027, while full-year profitability may take longer. Two major risks are identified: first, the risk of delayed profitability caused by slowing sales growth or overspending on R&D expenses; second, the sustainability risk of financing. Although the book funds can support operations for about 18 months, a delayed Hong Kong stock IPO or a lower-than-expected financing amount may lead to a capital shortage from the end of 2026 to early 2027 [7].

3. Analysis of breakthrough paths and effect verification

3.1. Breakthrough paths of Dizhe Pharmaceuticals

Pipeline Focus: The company adopts a lean layout in product pipelines, focusing on a few targets such as EGFR and JAK1 instead of an extensive layout. It cooperates with external parties in the form of joint ventures to share costs and risks, and designs clinical trials rationally, which greatly improves patient enrollment efficiency and realizes optimal allocation of R&D resources.

Accelerated Commercialization: Shortly after launch, Savolitinib was included in the National Medical Insurance Catalogue, ensuring a smooth commercialization process. Core members of the commercial team

have working experience in multinational pharmaceutical enterprises, covering the whole industrial chain including market access, medical affairs, and sales promotion, and cooperate efficiently with the R&D department.

Capital Structure Optimization: The company completed STAR Market IPO and subsequent private placement, introducing long-term strategic investors. It plans to launch Hong Kong stock listing to build an A+H dual listing platform. All raised funds are invested in the R&D and commercialization of core products, forming a positive cycle of R&D investment, sales revenue, and reinvestment.

External Strategic Collaboration: The company empowers development through external cooperation. It established a joint venture with Wuxi Gaofa Group to diversify R&D risks, and built long-term cooperative relationships with AstraZeneca, WuXi AppTec, Peking Union Medical College Hospital, and other institutions to integrate superior resources from all parties.

3.2. Effect verification

The company's financial indicators have improved significantly. In the first half of 2025, revenue increased by 74.4% year-on-year, and the loss ratio dropped from 715% in 2023 to 106%, with gross profit margin staying stable at about 85%. Although the net operating cash flow is still negative, the outflow scale remains stable. The successful global clinical trials and FDA approval of Savolitinib, as well as the domestic launch of Golicitinib, prove that the company has formed a closed loop from R&D to commercialization and transformed R&D achievements into market value.

After listing, the company's market value once exceeded 30 billion yuan, gaining full recognition from the market and capital investors. The investor structure has shown an institutionalized and long-term trend. The company has established a first-tier position in the segmented field of EGFR exon20ins, with enhanced industry competitiveness. The gap with leading enterprises in terms of revenue growth rate and gross profit margin is gradually narrowing.

4. Conclusion

It can be summarized from the case of Dizhe Pharmaceuticals that innovative pharmaceutical enterprises should follow the experience of concentrating R&D resources, linking financing with business milestones, using IPO funds to support clinical research in the early stage, and supplementing working capital through refinancing after product launch. Commercialization should adopt differentiated positioning by selecting segmented fields with clear clinical demand and low competition intensity, and compliance risk control should be implemented throughout the whole R&D process.

This path has clear application boundaries: it requires enterprises to possess original innovation platforms, sustainable capital support, and international teams. Meanwhile, risks such as single technical route, overly segmented market, and changes in the financing environment still exist, which can only be used for reference rather than direct replication. The financial breakthrough logic of Dizhe Pharmaceuticals can be summarized as focusing pipeline, value transformation, and positive cycle: focusing on core pipelines to build differentiated advantages, transforming R&D value into sales revenue through efficient clinical development and precise commercialization, and opening up a positive cycle through diversified capital operation and refined cash flow management. The company has achieved solid phased achievements including global launch of core products, rapid revenue growth, narrowed losses, and rising market recognition. It serves as an excellent reference for

other innovative pharmaceutical enterprises, which should learn according to their own actual conditions.

Disclosure statement

The authors declare no conflict of interest.

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